







# Market Value Analysis (MVA): New Orleans

March 2016

#### **Profile of Reinvestment Fund**

**Reinvestment Fund** builds wealth and opportunity for low-wealth communities and low- and moderate-income individuals through the promotion of socially and environmentally responsible development.

We achieve our mission through:

#### Capital.

Grants, loans, and equity investments

#### Knowledge.

Information and policy analysis

#### Innovation.

Products, markets, and strategic partnerships



#### In general

The Market Value Analysis (MVA) is a tool designed to assist the private market and government officials to identify and comprehend the various elements of local real estate markets. It is based fundamentally on local administrative data sources.

By using an MVA, public sector officials and private market actors can more precisely craft intervention strategies in weak markets and support sustainable growth in stronger ones.



#### Who is using the MVA?

MVAs have been funded by government agencies, local foundations, and financial institutions in cities and counties around the country:

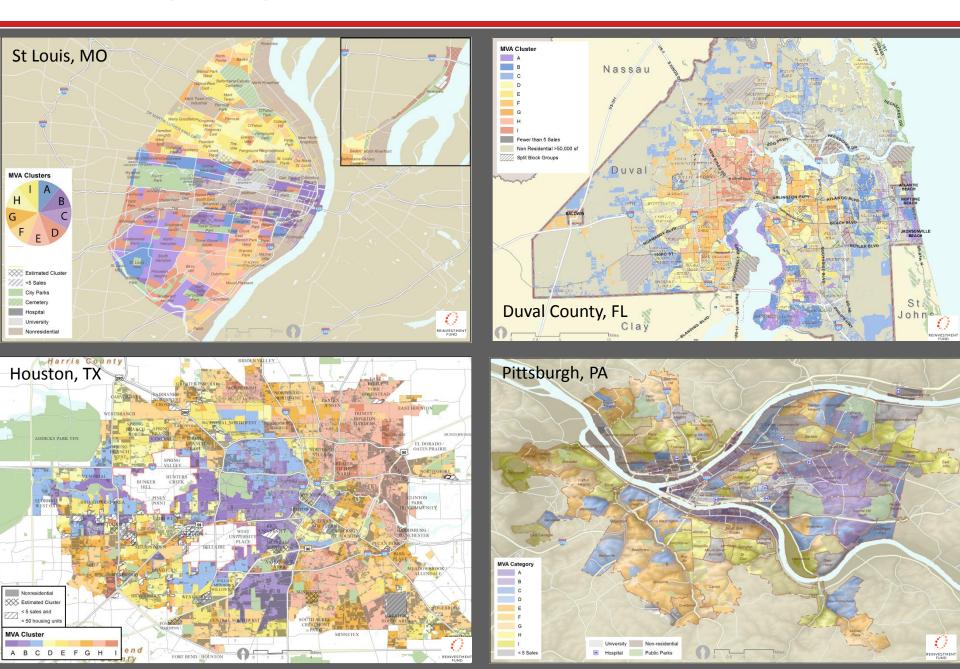
- Philadelphia, PA
- Washington, DC
- Baltimore, MD
- San Antonio, TX
- Camden, NJ
- Newark, NJ
- Selected (8) NJ regions
- Reading Area, PA

- New Orleans, LA
- State of Delaware
- Detroit, MI
- Houston, TX
- Milwaukee, WI
- Pittsburgh, PA
- St. Louis, MO
- Atlantic City, NJ
- Jacksonville, FL

- Wilmington, DE
- Prince George's County, MD (in process)
- Indianapolis, IN (in process)
- Selma, AL (in process)



## **Recently Completed MVAs**



## **Our Normative Assumptions**

When analyzing markets we begin with these principles:

- The best decisions are based on the sound and objective analysis of quantitative and qualitative data
- Public subsidy is scarce; acting alone subsidies cannot create a market
- Public subsidy must leverage private investment
- All residents are customers with an expectation of quality public services and amenities
- In distressed markets, "Build from Strength"
  - major institution of place
  - transportation hub
  - environmental amenities



#### **Preparing an MVA**

Acquire **local administrative data** and geocode to Census
block group geographies.

Manually inspect and validate data layers by driving the area.

Use statistical cluster analysis to identify areas with common attributes.

Manually inspect areas for conformity with local experts to assess fit.

Alter parameters; re-solve and re-inspect until model accurately represents area.

Summarize and describe the characteristics of each market.

#### Lessons from 15+ years of experience

#### **Validating Data Is Critical.**

Researchers must visit the city to understand the data.

See **Slide 36** for our validation routes.

#### **Geographic Scale Matters.**

Iterative

Census tract and MSA geographies are too large to accurately reflect local markets.

#### One Size Does Not Fit All.

Measurement scales and the appropriate number of clusters are different in every city.

#### Integrate Local Knowledge.

The MVA model is tested with local experts to incorporate qualitative feedback from each geography.



# **New Orleans MVA Components**

#### **Attributes of Market Conditions:**

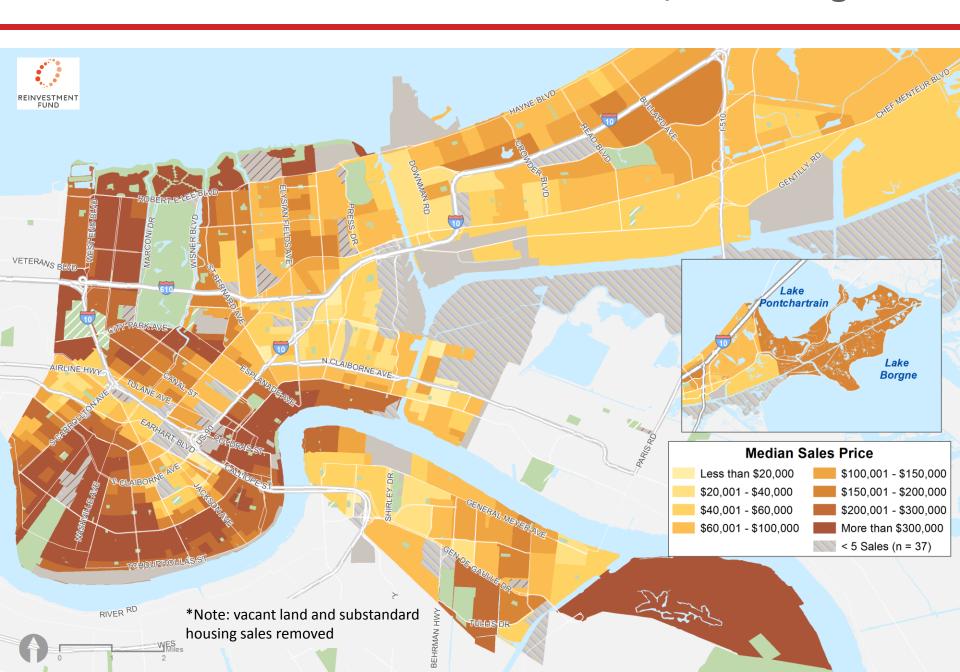
- Sales Activity/Types
- Tenure, Land Use, and Subsidy
- Measures of Investment and Stress
- Measures of Vacancy, Disinvestment & Opportunity



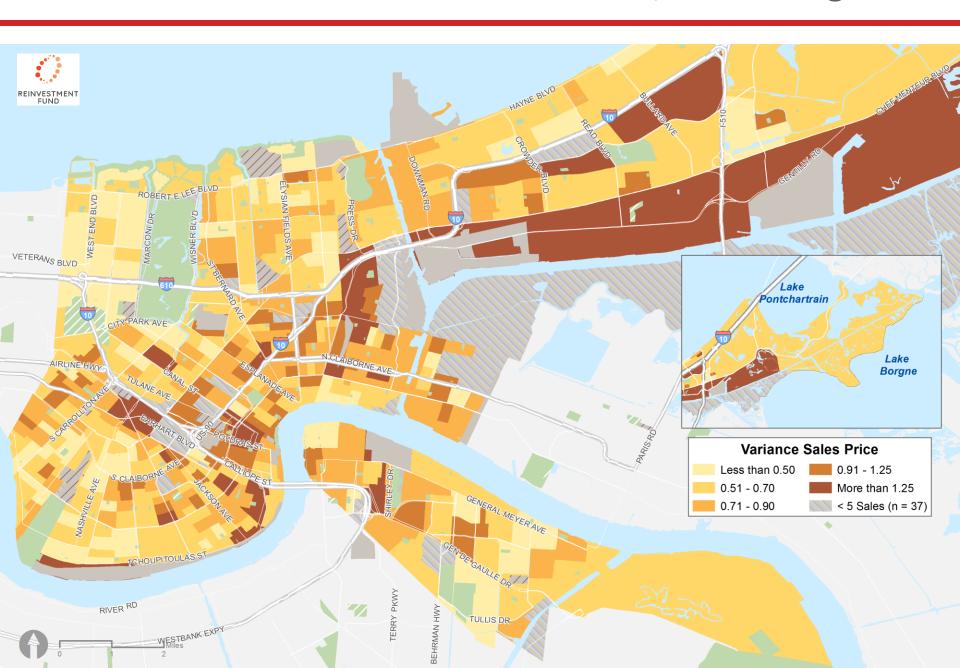
## **Sales Activity and Type**

- Median Sales Price without Vacant Parcel and Land
- Coefficient of Variance for Sales Price without Vacancy
- Vacant Land Sales as a Percentage of Total Sales

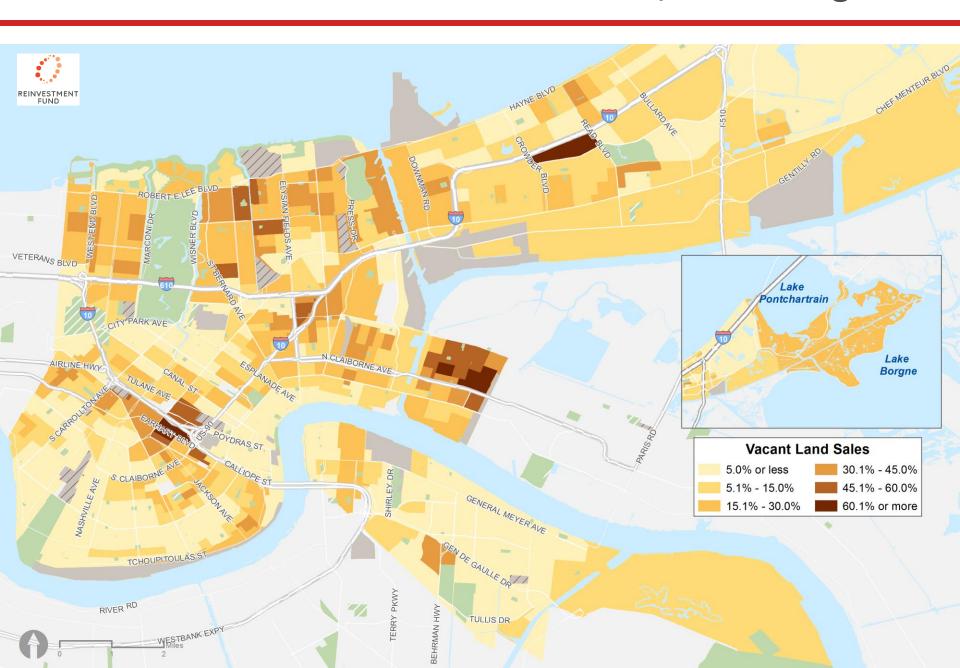
## Median Sales Price, 2013 - Aug 2015\*



## Coefficient of Variance for Sales Price, 2013 - Aug 2015



## Vacant Land Sales as a % of Total Sales, 2013 – Aug 2015

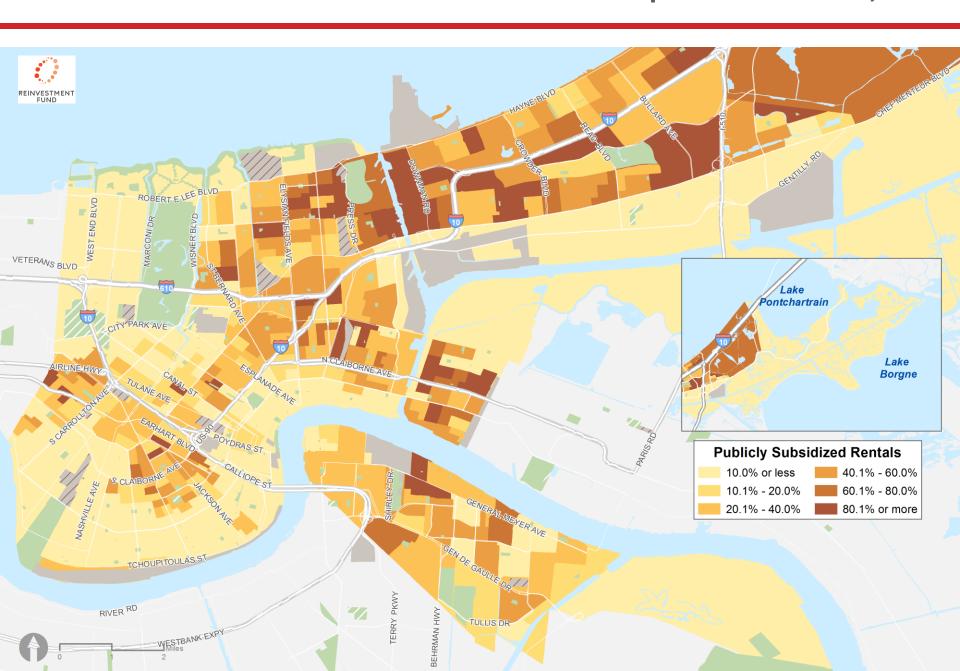




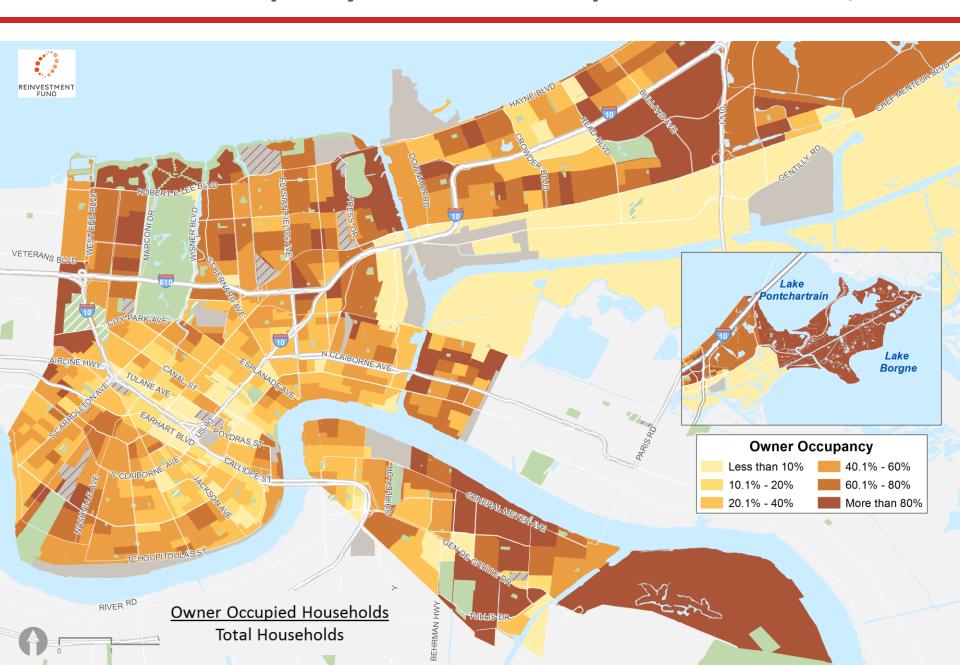
# **Housing Tenure/Land Use**

- Subsidized Rental Stock as a Percentage of Renter-Occupied Housing Units (HANO, 2015)
- Owner-Occupied Housing Units as a Percentage of All Occupied Housing Units (ACS, 2013)

#### Subsidized Rental Units as a % of Renter-Occupied Households, 2015



## Owner-Occupancy as a % of Occupied Households, 2013

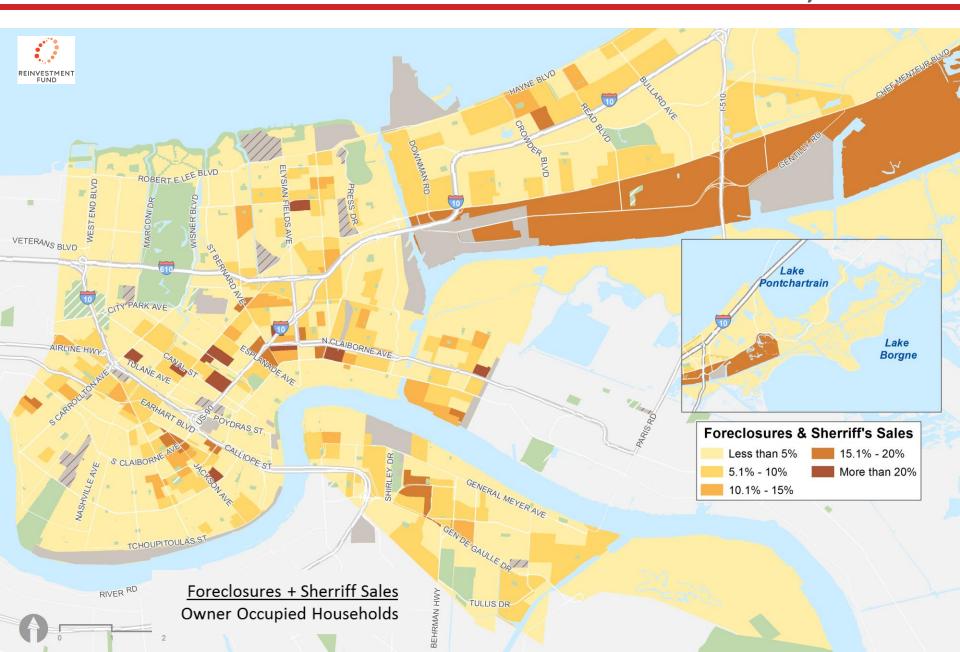




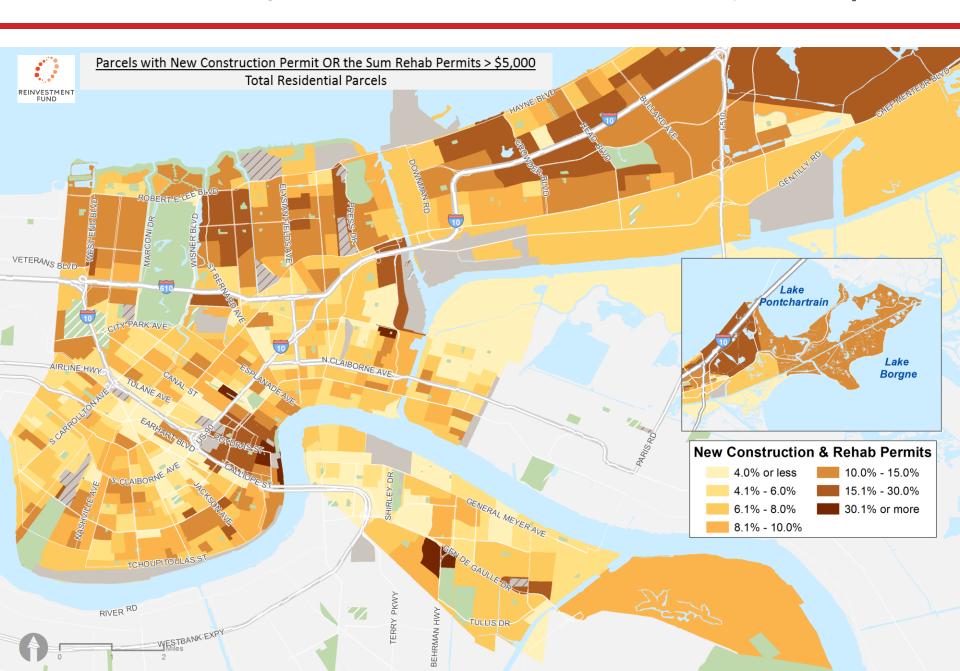
## **Market Stress and Investment**

- Foreclosure Filings and Sheriff Sales as a Percentage of Owner-Occupied Housing Units (OPSO, 2013-14)
- New Construction and Rehab Permits as a Percentage of All Residential Parcels (Dept. of Safety and Permits 2012-2015)

# Foreclosures & Sheriff's Sales as a % of Owner-Occupied Households, 2013-14



#### New Construction/Rehab Permits as % of Tot. Parcels, 2012- Apr 2015

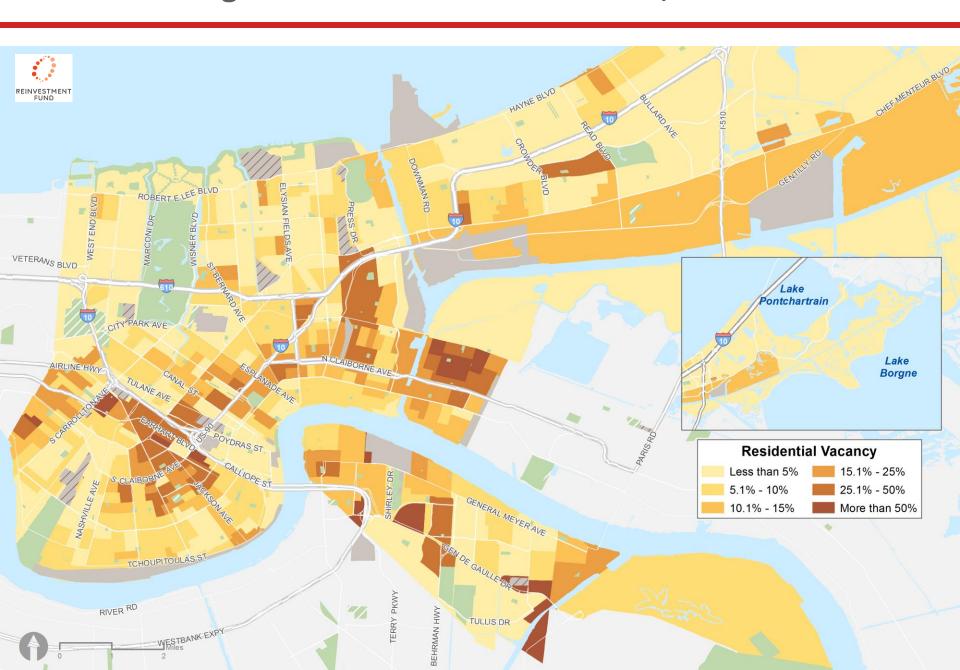




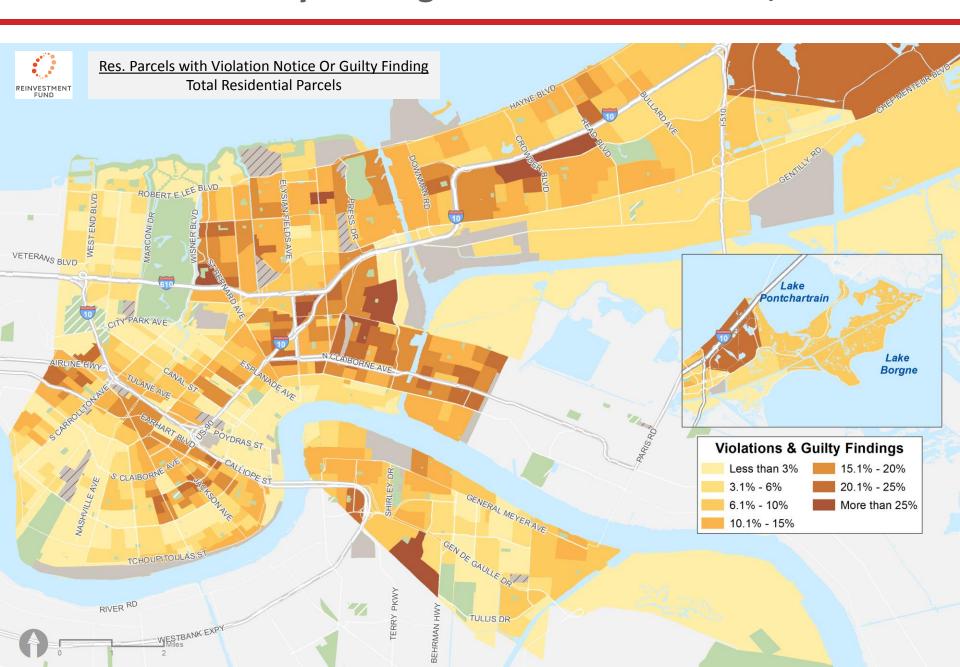
# Vacancy, Disinvestment & Opportunity

- Vacant Housing Units as a Percentage of Habitable Units (Valassis Lists 2014 Q2 – 2015 Q1)
- Code Violations & Guilty Findings as a Percentage of Total Parcels (2013-2015 from Dept. of Code Enforcement)
- Vacant Land Parcels as a Percentage of Total Parcels (OPCD, 2014)

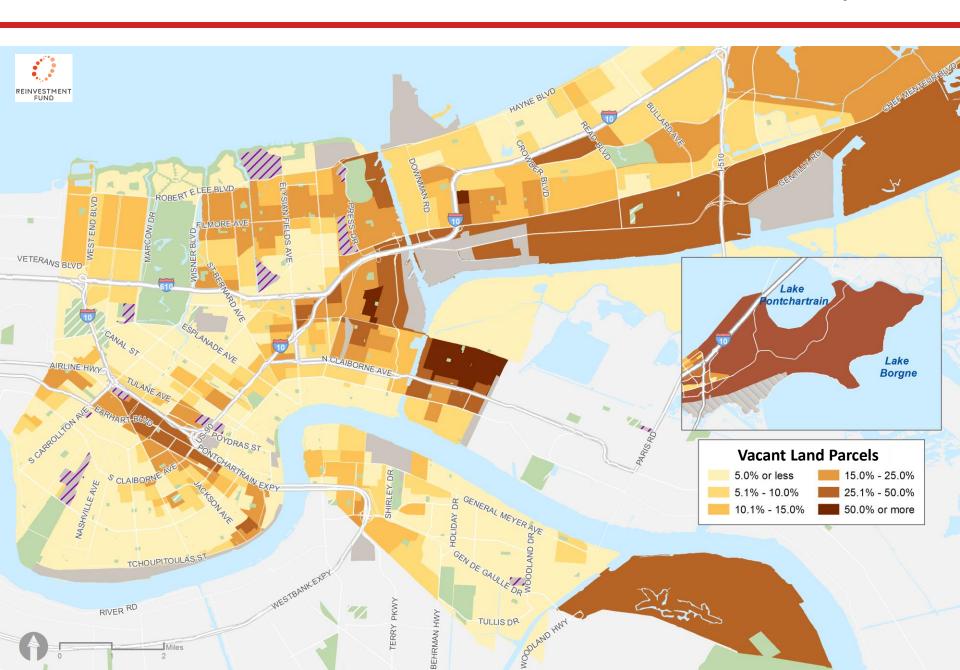
## Vacant Housing Units as % of Habitable Units, 2014 Q2 – 2015 Q1



## Violations & Guilty Findings as % of Total Parcels, 2013-2015



## Vacant Land Parcels as % of Total Parcels, 2014



#### **New Orleans MVA Components**

- Median Sales Price, 2013 Aug 2015
- Coefficient of Variance for Sales Price, 2013 Aug 2015
- Vacant Land Sales, 2013 Aug 2015
- Subsidized Rental Units, 2015
- Owner-Occupied Units, 2013
- Foreclosure Filings and Sheriff Sales, 2013 2014
- New Construction and Rehab Permits, 2012 Apr 2015
- Vacant Housing Units, 2014 Q2 2015 Q1
- Inspection Violations and Guilty Findings, 2013-2015
- Vacant Land Parcels, 2014

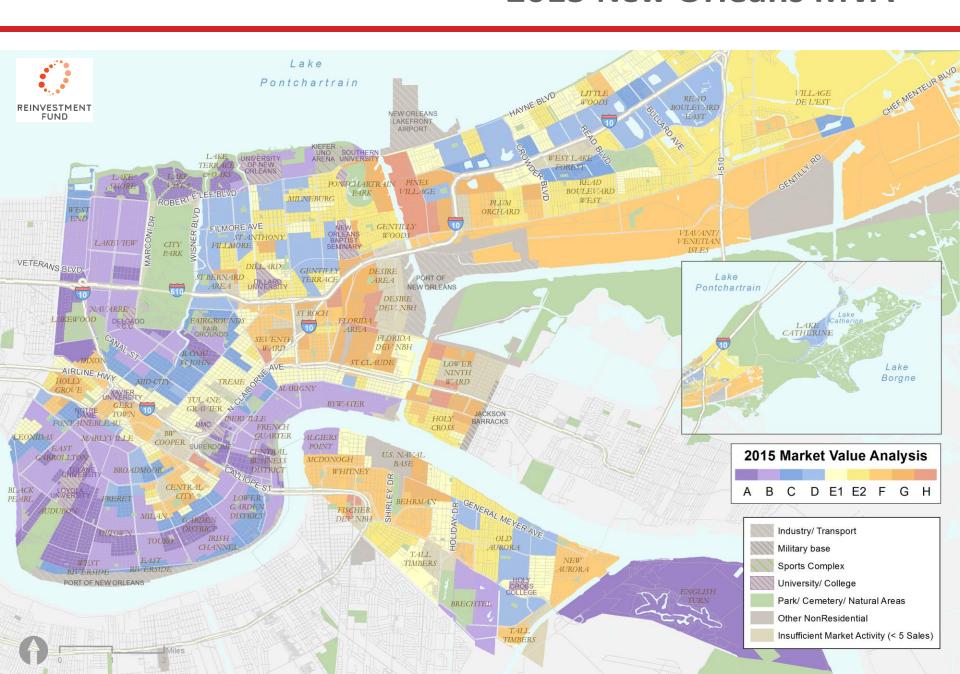


#### New Orleans MVA Market Characteristics

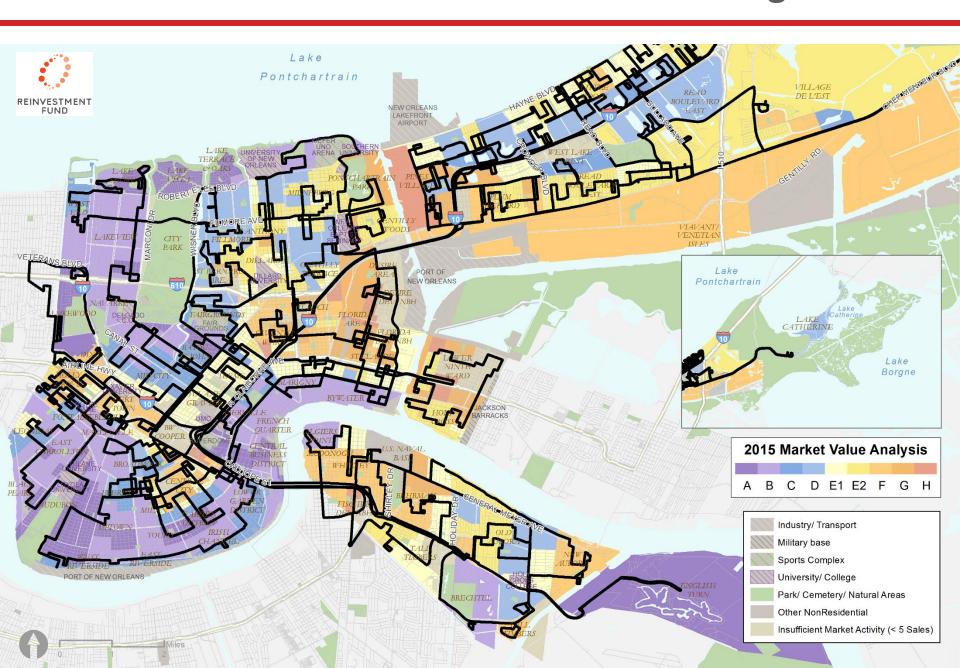
MVA		Median Sales	Variance Sales	% Foreclosures	% Owner				% Vacant Housing	% Public	% Vacant Land Sales,
Market		Price, 2013-	Price, 2013- Aug	& Sherriff Sales,	Occupied,	% Permits,	% Vacant	% Violations,	Units, 2014-15	Subsidized	2013- Aug
Туре	# of BGs	Aug 2015	2015	2013-15	2013	2012-14	Land, 2014	2013-15	(Valassis)	Rental, 2015	2015
Α	36	\$ 531,953	0.54	0.81%	65.86%	10.99%	1.41%	1.40%	3.47%	0.36%	2.66%
В	106	\$ 305,969	0.59	1.73%	46.96%	8.75%	2.24%	3.47%	6.02%	3.50%	6.31%
С	48	\$ 173,728	0.78	5.60%	28.51%	9.00%	4.76%	7.64%	10.06%	15.07%	9.63%
D	46	\$ 157,230	0.61	4.71%	67.26%	12.01%	7.30%	10.11%	6.49%	34.60%	15.44%
E1	71	\$ 86,199	0.78	9.49%	33.02%	7.91%	7.96%	12.79%	15.84%	29.77%	14.83%
E2	54	\$ 84,880	0.67	4.54%	73.20%	10.55%	11.00%	11.51%	7.35%	70.37%	17.67%
F	56	\$ 46,349	0.89	8.31%	34.06%	5.64%	9.88%	13.07%	17.36%	31.63%	12.77%
G	32	\$ 40,354	1.00	4.26%	64.74%	7.55%	18.60%	18.00%	14.12%	60.90%	27.45%
Н	10	\$ 17,108	0.90	4.50%	48.92%	4.59%	30.65%	19.50%	31.21%	76.07%	27.07%
Not Classified	37	NULL	NULL	4.29%	30.49%	8.82%	24.04%	11.63%	25.27%	40.66%	38.38%
Study Area	459	\$ 178,467	0.72	4.93%	49.19%	8.81%	7.55%	9.33%	10.46%	28.53%	12.65%



#### **2015 New Orleans MVA**



## **Validation Driving Route**



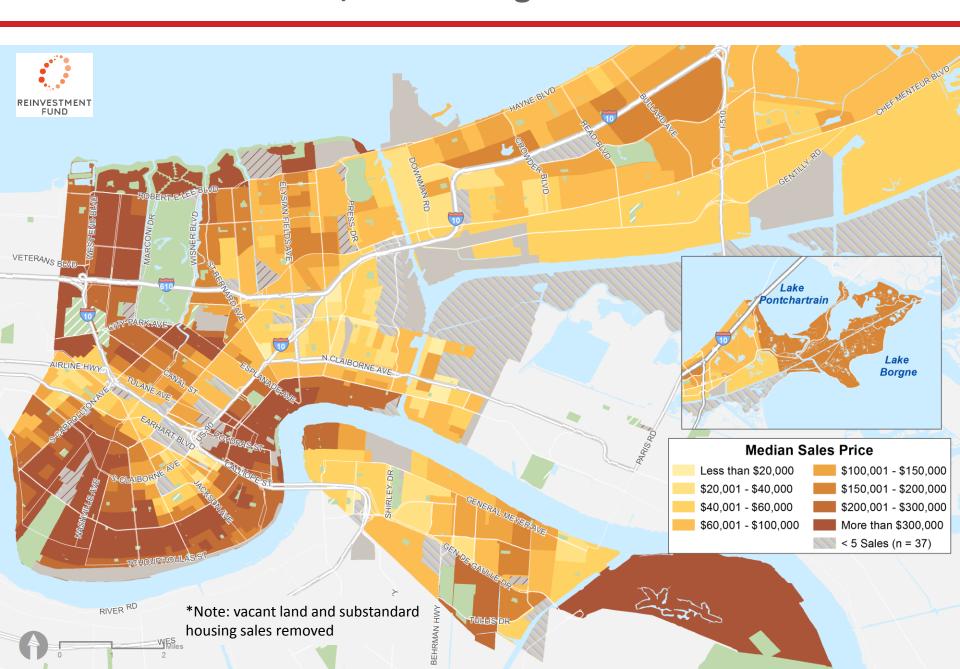
# **MVA Market by Census Categories**

#### Census 2010 Figures

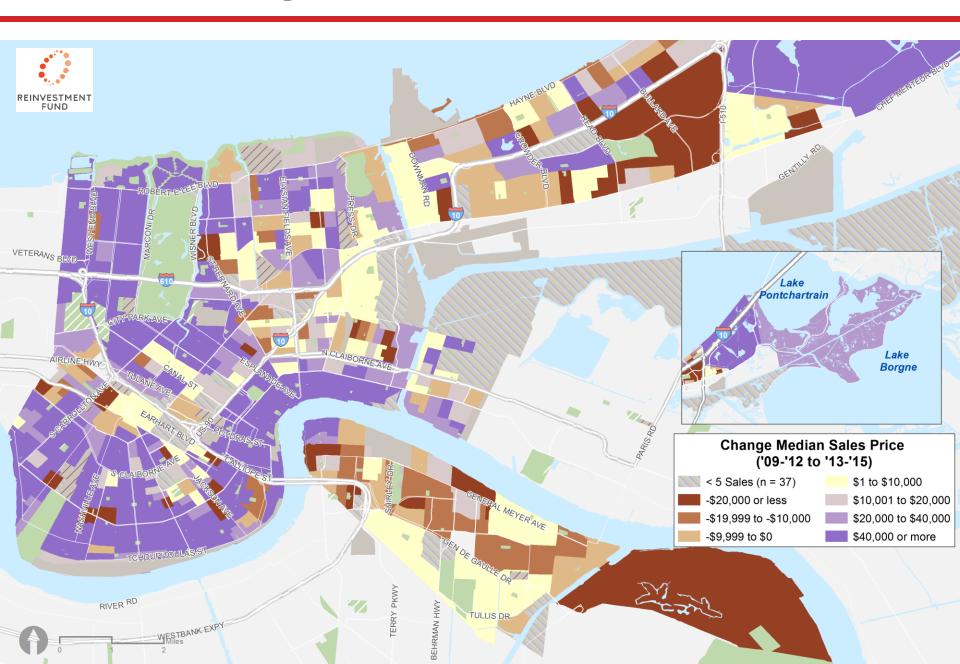
	Cerisus 2010 Figures										
Market	# Block	Households		Owner Occupied		Renter Occupied		<b>Housing Units</b>		Population	
Type	Groups	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Α	36	12,679	8.9%	7,879	11.6%	4,800	6.5%	14,605	7.7%	30,494	8.9%
В	106	38,359	27.0%	16,648	24.5%	21,711	29.3%	48,692	25.6%	75,955	22.1%
С	48	15,073	10.6%	4,758	7.0%	10,315	13.9%	20,932	11.0%	33,246	9.7%
D	46	13,561	9.5%	8,960	13.2%	4,601	6.2%	17,521	9.2%	35,388	10.3%
E1	71	19,768	13.9%	7,360	10.8%	12,408	16.7%	28,634	15.1%	50,893	14.8%
<b>E2</b>	54	15,609	11.0%	11,222	16.5%	4,387	5.9%	19,940	10.5%	42,833	12.5%
F	56	15,758	11.1%	6,313	9.3%	9,445	12.7%	22,697	12.0%	41,493	12.1%
G	32	6,079	4.3%	3,648	5.4%	2,431	3.3%	9,097	4.8%	16,316	4.7%
Н	10	1,132	0.8%	561	0.8%	571	0.8%	1,855	1.0%	2,997	0.9%
Not Classified	37	4,140	2.9%	654	1.0%	3,486	4.7%	5,923	3.1%	14,214	4.1%
Study Area 459		142,158		68,003		74,155		189,896	·	343,829	



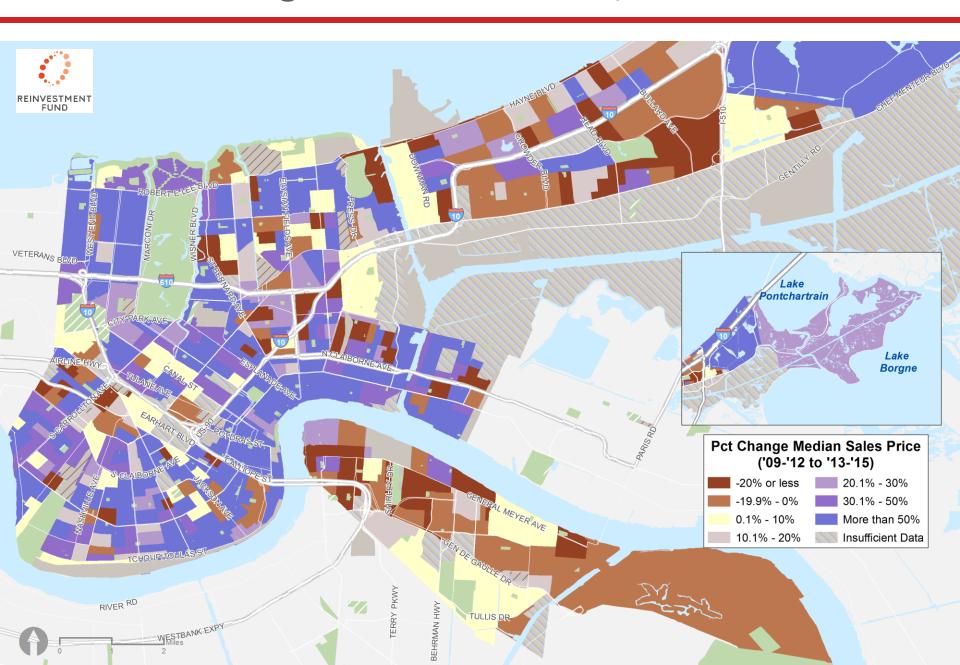
## Median Sales Price, 2013 – Aug 2015\*



## Change Median Sales Price, 2009-12 to 2013-15



## Pct Change Median Sales Price, 2009-12 to 2013-15



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